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Date _____
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Clerk _____
Comm. Amdt. _____

Amendment No. 12 to SB2646

**Cooper J
Signature of Sponsor**

AMEND Senate Bill No. 2646*

House Bill No. 2957

by adding the following new section immediately preceding the effective date section of the bill as amended by Senate Finance, Ways, and Means Committee Amendment No. 1 (SA0766) and by renumbering the effective date section accordingly:

SECTION 7. Tennessee Code Annotated, Section 67-6-209, is amended by adding the following language as a new subsection to be designated as follows:

(h) Provided, however, that sales to or use by a contractor, subcontractor, or material vendor of tangible personal property, including rentals thereof and labor or services performed in the fabrication, manufacture, delivery, or installation of such tangible personal property when such property is sold or used solely in the performance of a lump sum or unit price construction contract entered into prior to April 1, 2002, shall be subject to state tax at the rate of six percent (6%). In addition, sale to or use by a subcontractor of tangible personal property including rentals thereof and labor or services performed in the fabrication, manufacture, delivery, or installation of such tangible personal property when such property is sold or used solely in the performance of a written subcontract entered into prior to July 1, 2002, if such subcontract is made pursuant to a general contract qualifying for the reduced rate of tax as set out above, shall be subject to state tax at the rate of six percent (6%). Any vendor making such sales to any such contractor or subcontractor shall collect state tax at the rate of seven percent (7%). Any such contractor or subcontractor paying seven percent (7%) may then file with the department a claim for refund of any such state tax paid to any of his vendors at a rate in excess of six percent (6%).

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For purposes of this subsection the term "lump sum or unit price construction contract" means a written contract for the construction of improvements to real property under which the amount payable to the contractor, subcontractor, or material vendor is fixed without regard to the costs incurred by the contractor, subcontractor, or material vendor in the performance of the contract.